

FEB 22 2005

## HOMESTAKE MINING COMPANY OF CALIFORNIA

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February 16, 2005

Mr. David Snyder  
Executive Director  
South Dakota Science and Technology Authority  
P.O. Box 8329  
Rapid City, SD 57709

Dear Mr. Snyder:

I have received and reviewed the resolution that was adopted by the Board of the South Dakota Science and Technology Authority (the "Authority") on February 1, 2005. I have also reviewed additional information that you have provided to me regarding the plan to develop laboratory space at the 4850' level in the Homestake Mine.

I understand that there is some question whether a scientific laboratory at the 4850' level is within the scope of the Agreement in Principle entered into by Homestake and South Dakota in January, 2004. When we drafted the Agreement in Principle, we understood that the development of an underground scientific laboratory—and the funding for the laboratory—was likely to be an evolving process. To that end, we did not explicitly define the term "laboratory" to include only the development of the deepest parts of the mine, and did not limit sources of funding to the National Science Foundation, or any other particular source.

Accordingly, it is Homestake's position that the development of a scientific laboratory at the 4850' level—in conformance with all of the other terms of the Agreement—would trigger Homestake's agreement to transfer the Laboratory Property.

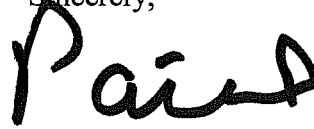
Homestake's primary concern—a concern which I believe is shared by the Authority's Board—is that the long-term safety and economic viability of the underground scientific laboratory be assured. This is the concern that is embodied in the Agreement in Principle and the Resolution adopted by the Board last week.

Homestake continues to support the Authority in its submission of the study proposal for the deep underground laboratory to the National Science Foundation and in the successful development of the business plan for the alternative laboratory described in the Board's resolution. As I mentioned to you in our last meeting I look forward to reviewing that business plan when it is completed, as a realistic business plan for any lab proposal other than a proposal

approved and funded by the National Science Foundation and United States Congress is a critical step in facilitating our donation.

I hope this is the clarification that you were seeking. If not, please let me know and I will try to work with you constructively to achieve our mutual objectives.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick". The signature is fluid and cursive, with a large initial "P" and a trailing flourish.

Patrick J. Garver

PJG/tlw